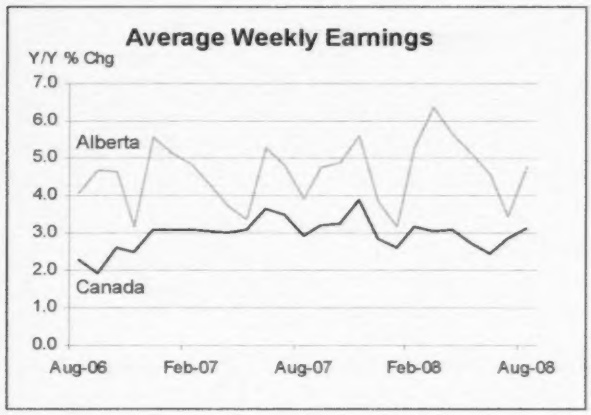
Weekly Economic Review

October 31, 2008

Average Weekly Earnings

Alberta posted strong earnings growth…

In August, average weekly earnings rose 4.8% from the same month last year. Although, Alberta had the second largest growth after Saskatchewan (4.9%), the pace of growth is moderating. Year-to-date Alberta's earnings have risen 4.7%, compared to 2.8% growth nationally.



Rigs Drilling

Drilling activity rose in October…

The average number of rigs drilling in Alberta rose for the third straight month in October, up 18% from the same month last year. Year-to-date, the number of rigs drilling has fallen 1.7%.

Price Indexes

Industrial and raw material prices fell…

In September, the industrial product and raw materials price indexes fell by 1.2% and 7.2%, respectively, for Canada. Declines in energy costs were the main drivers.

Canadian Real GDP

Canadian real GDP fell in August…

Canadian real GDP shrank 0.3% in August, after a 0.7% increase a month earlier. The decline is largely attributable to weaker wholesale trade (-3.1%), manufacturing (-1.1%), and the energy sector (-0.5%). Over the last 12 months, the Canadian economy has only grown 0.6%.

Cdn Dollar (US¢/CS)	
October 31, 2008	82.2
October 24, 2008	78.5
2008-09 YTD	95.7
WTI Oil US$/bbl	
October 30, 2008	$ 65.96
October 23, 2008	$ 67.84
2008-09 YTD	$ 114.57
Nymex Natural Gas CS/MMBtu *	
November Contract	
October 31, 2008	$ 7.94
October 24, 2008	$ 7.85

*Estimate based on Nymex Futures Market Price

U.S. Real GDP

U.S. Real GDP fell 0.3% in the third quarter…

Preliminary estimates indicate that the U.S. economy contracted 0.3% in the third quarter. Reduced consumer spending (-3.1%, worst since 1980) and business investment resulted in the worst quarter since the third quarter of 2001.

U.S. consumer confidence weakening…

The Conference Board and the University of Michigan released dismal results for October consumer confidence, the lowest level since inception. Most respondents believed the U.S. was already in a recession and have a very negative outlook moving forward.

Financial Markets

Federal Reserve cut key interest rate to 1.0%…

On Wednesday, the U.S. Federal Reserve cut its key interest rate by 50 basis points in an effort to combat the ongoing credit crisis and weakening economy. Over the last 13 months, the Fed has aggressively slashed rates by 4.25%. Inflation is no longer a concern as prices have begun to soften. Japan also cut its key rate 20 basis points to 0.3%.

Canadian dollar surged…

With the U.S. interest rate cut and stronger commodity prices, the Canadian dollar surged 4.7 % this week to 82.2¢ U.S. at noon Friday.